



ANNUAL REPORT 1973

RIVTOW STRAITS LIMITED

**WHOLLY OWNED SUBSIDIARIES**

RivTow Marine Ltd.
Avalon Log Sorting Ltd.
Export Booming Co. Ltd.
M. R. Cliff Tugboat Co. Ltd.
Viking Tugboat Co. Ltd.
Canyon Towing Company Limited
Straits Towing Limited
Porton Enterprises Ltd.
Straits Barge Limited
Straits Marine Limited
B.C. Marine Shipbuilders Limited
Straits Tug Limited, (under option)
Maritime Towing Co. Ltd.
Pioneer Towing Co. (1960) Ltd.

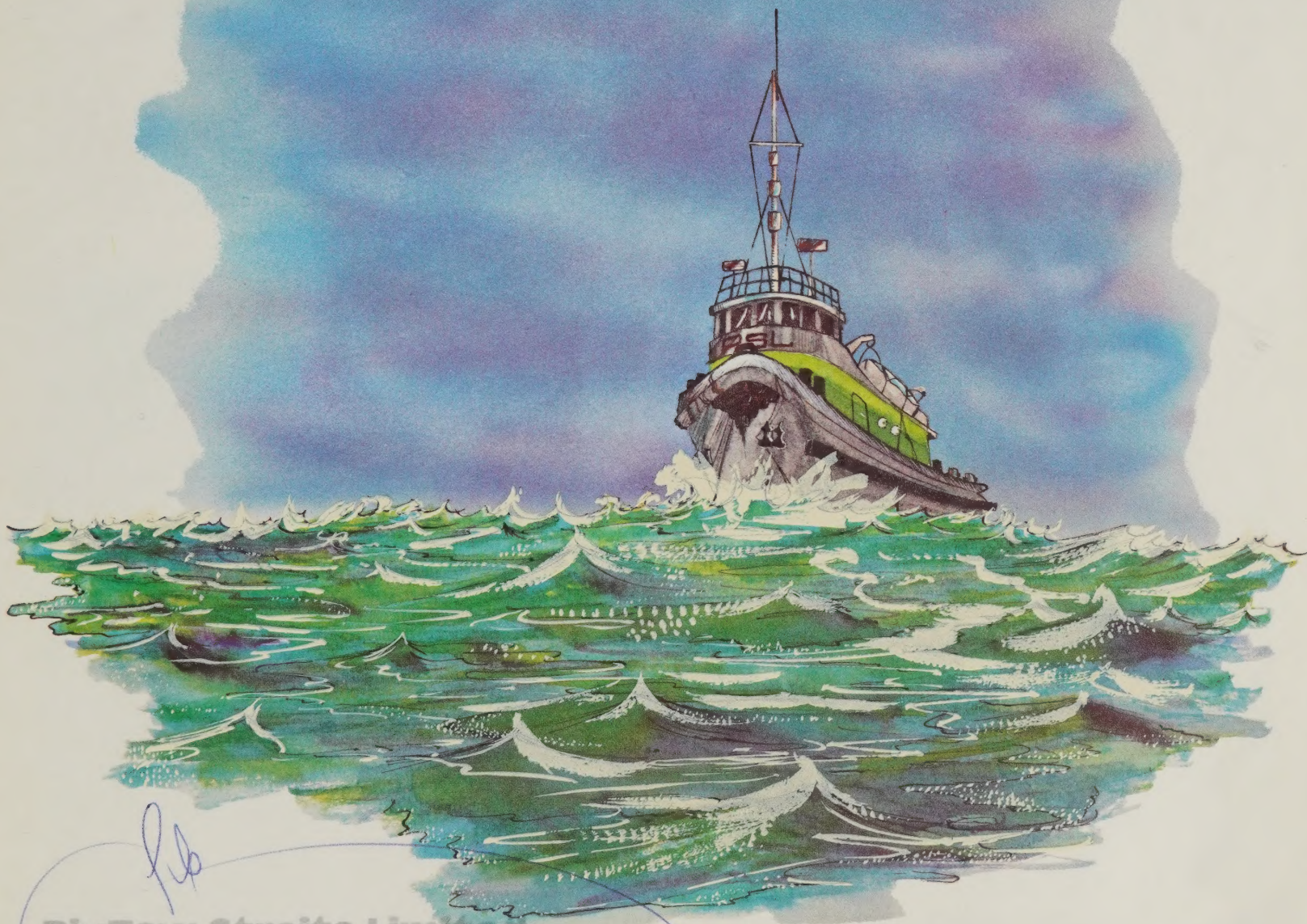
Raake Marine Services Ltd.
River Towing Company Limited
Armour Salvage (1949) Ltd.
Prince Rupert Terminals Ltd.
Rupert Cement Products (1965) Ltd.
Texada Towing Co. Ltd.
Great West Towing & Salvage Ltd.
John Manly Equipment Ltd.
John Manly Ltd.
Western Propeller Ltd.
Nelson Ready-Mix Concrete Ltd.
Westbank Ready-Mix Concrete Ltd.
Interior Leasing Co. Ltd.
Premier Sand & Gravel Company Limited
Twin Harbour Towing Ltd.

**COMPANY NOT WHOLLY OWNED
BUT ACCOUNTS CONSOLIDATED
IN THE FINANCIAL STATEMENTS**

Sechelt Sand & Gravel Ltd.

PARTIALLY OWNED COMPANIES

Bute Towing Ltd.
Ruskin Industries & Aggregates Ltd.
Tilbury Island Terminals Ltd.
Marine Leasing Ltd.
Arctic Navigation and Transportation Ltd.
Dumac Holdings Limited
RivPort Terminals Ltd.
Seaway Estates Ltd.
Owekeno Development Co. Ltd.



RivTow Straits Limited

ANNUAL GENERAL MEETING

York Room, Hotel Georgia,
Vancouver, Canada

June 20th, 1974

9:30 a.m.

Vancouver time

DIRECTORS

George B. McKeen
Cecil S. Cosulich
Norman R. Cosulich
Lucille M. Johnstone
Arthur B. Christopher
Ronald L. Cliff
Harold M. Gale
John Pearson

EXECUTIVE OFFICERS

George B. McKeen,
Chairman of the Board
Cecil S. Cosulich,
President & Chief Executive Officer
Norman R. Cosulich,
Vice-President—Operations
Lucille M. Johnstone,
Vice-President—Administration

SECRETARY

David A. Lawson to March 15, 1974
L. M. Johnstone, Secretary
John Pearson, Assistant Secretary

STOCK LISTING

Vancouver Stock Exchange

HEAD OFFICE

2215 Commissioner Street
Vancouver, Canada V5L 1A2
Phone—Area Code 604-255-1133

BANKERS

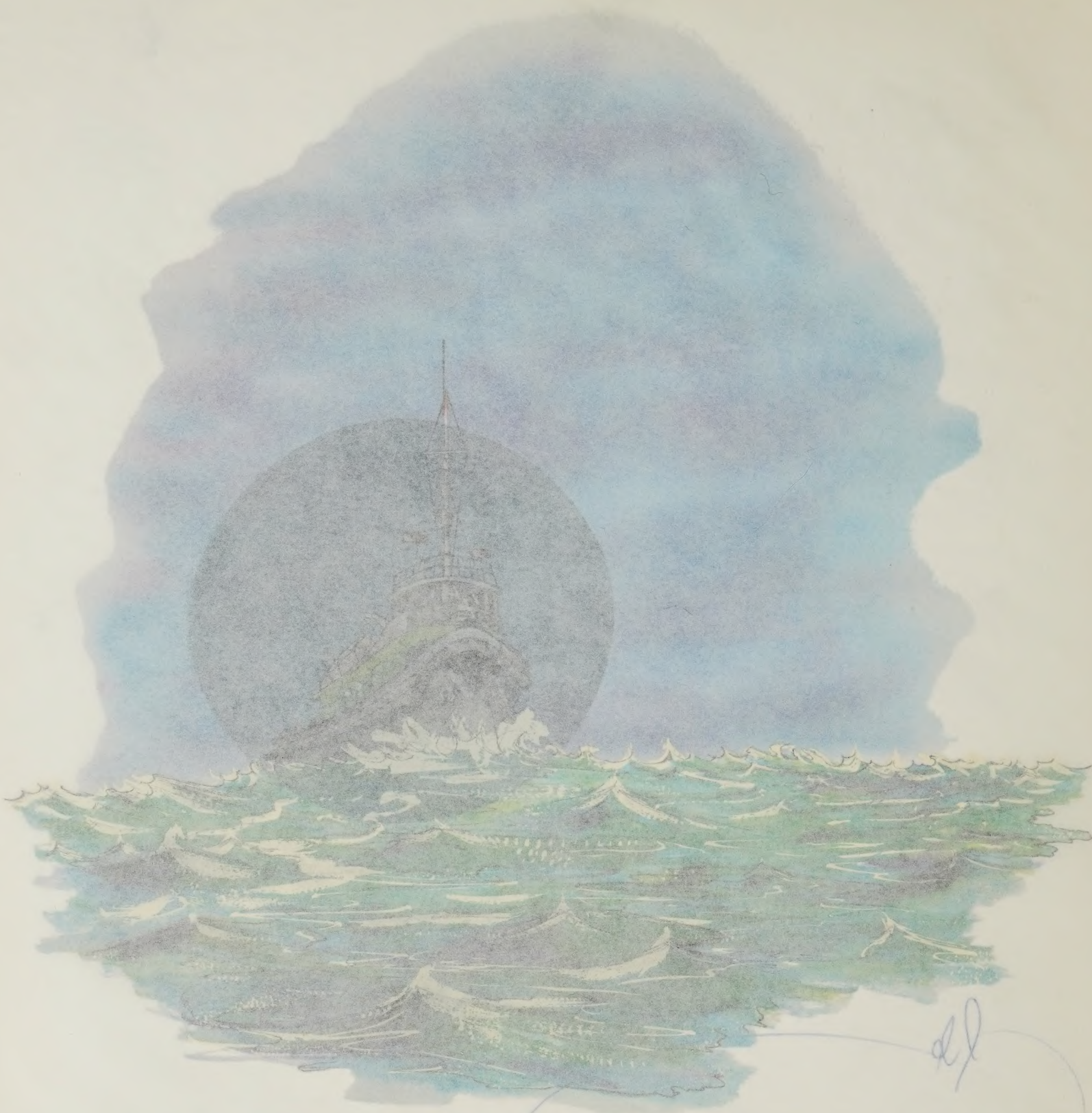
The Royal Bank of Canada

AUDITORS

Thorne Gunn and Co.

TRANSFER AGENTS & REGISTRAR

National Trust Company, Limited
Vancouver, Canada



WHOLLY OWNED SUBSIDIARIES

Arctic Marine Ltd.
 Rupert Tug Towing Ltd.
 Export Shipping Co. Ltd.
 M. B. Clark Tugboat Co. Ltd.
 Viking Tugboat Co. Ltd.
 Canada Towing Company Limited
 Strait Towing Limited
 Rupert Salvage Ltd.
 Strait Tugboat Limited
 Strait Tugboat Limited
 B.C. Marine Shipholders Limited
 Strait Tugboat (under option)
 Maritime Tugboat Co. Ltd.
 Pioneer Tugboat Co. Limited Ltd.

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TRANSFER AGENTS & REGISTRAR

National Trust Company, Limited,
Vancouver, Canada

Report to the Members



The results of your Company's operations for the year 1973 were better than those for the previous year. Earnings per share were \$0.34 compared with \$0.17 in 1972. Gross sales increased by approximately 10.0 million dollars to 28.2 million dollars. Fifty per cent of this increase relates to use of marine equipment and the balance from a consolidation of added gravel and ready-mix plant activities. Your Company's constant goal is to improve its profitability ratio.

The first six months of 1973 were excellent; however, the last six months were disappointing. Shortages of material, labour and escalating wage and material costs, primarily of fuel, steel and supplies, cut into profits. In the latter part of the year your Company increased its charges for its services and has had to again increase them early this year to offset these additional costs which are constantly rising.

The fifty per cent interest in a joint venture to create a marine terminal at Tilbury Island resulted in a considerable loss but arrangements have now been completed to assume full ownership of the venture and to undertake a wider sphere of activity in this area, which is expected to recover the loss and in due course make a profit.

Arctic Navigation and Transportation Ltd., of which R.S.L. owns fifty per cent, began operations in 1973. Bases were established and vessels constructed and put into operation late in the year. A shortage of skilled shipyard workmen delayed delivery of the vessels for the Mackenzie River operation where the season ends early in September. Therefore, only minimal operations were possible. This created a loss in the Company's operation the first year. The services of the Arctic Navigation and Transportation equipment and additional vessels being provided in 1974 are fully committed by contract.

This year for the first time the gross revenues of your Company have been set out in the Statement of Income. These figures and the accompanying historical graphs will provide a better insight into and understanding of your Company's activities and growth.

Negotiations to refinance long term debt and to offset working working capital deficiencies are nearing completion at this time; the proceeds of such refinancing will be in the sum of \$14 million dollars on a ten year repayment basis.

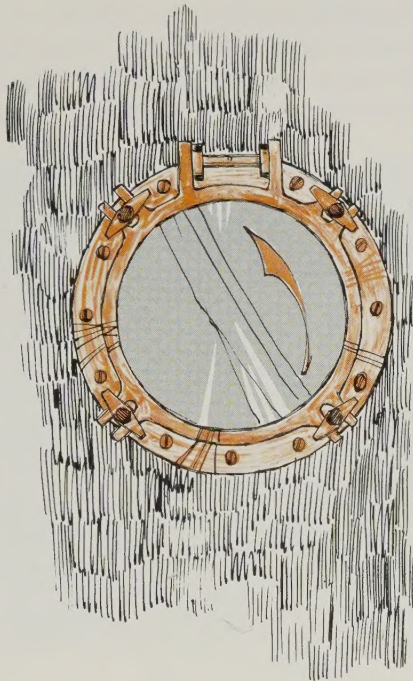
Turning to the future, your Company anticipates a continuing high demand for its services. The results of 1974 will depend largely on the ability to cope with constantly increasing costs and on the ability to cope with disruptions which may occur as a result of work stoppages. In a service industry there is always difficulty in recovering through charges for services the increased costs within the same time frame and ratio as they occur.

There has been excellent co-operation from shore personnel, marine officers and crews. We thank them for their efforts.

A large, stylized handwritten signature in orange ink, likely belonging to the President and Chief Executive Officer.

*President and Chief Executive Officer
on behalf of the Board of Directors.*

Operational Highlights

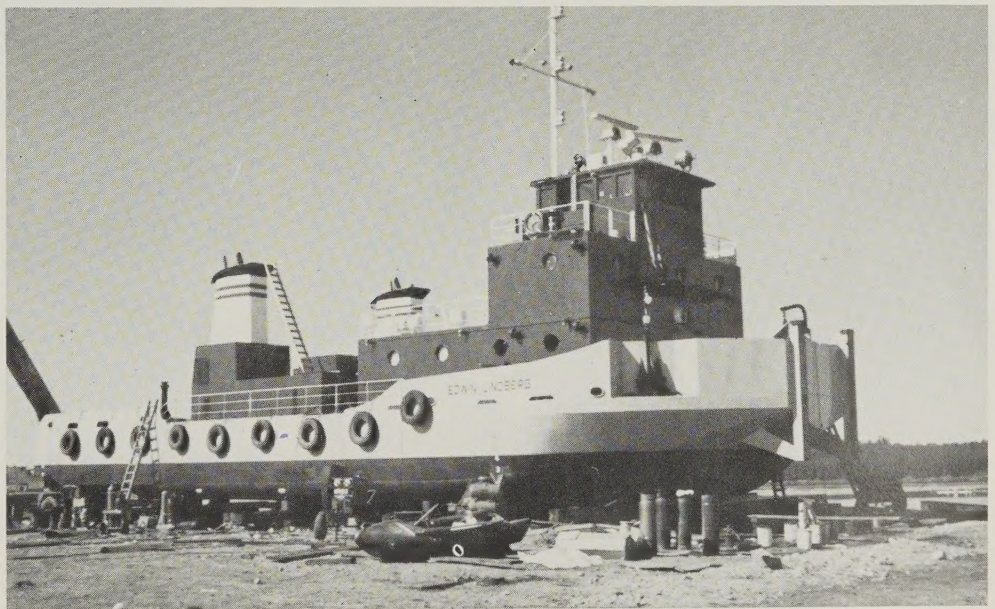


The year 1973 was a period of increased activity in all phases of operations. The following are some of the highlights.

Arctic Navigation and Transportation Ltd.

As a joint venture with Trimac Limited, a major Canadian transportation company based in Calgary, Arctic Navigation and Transportation Ltd. (Arcnav) was formed to provide a broad range of marine transportation and other services on the Mackenzie River and the Beaufort Sea.

Arcnav acquired control of Lindberg Transport Ltd., a licenced carrier operating in the N.W.T. Using the skills and capabilities of the parent companies, Arcnav established bases along the Mackenzie River and constructed, launched and operated through Lindberg Transport Ltd. a new fleet of marine equipment in the North. The fleet consists of the "Edwin Lindberg", a large 2,250 hp shallow draft tug, three 1,000 ton steel barges, three 800 ton steel barges, two 400 ton steel barges, a self-propelled barge and a number of small jet boats. All this equipment saw at least limited service during the 1973 navigation season. Contracts have been made for the use of the entire present fleet during 1974 as well as additional equipment which is now being built.



Tilbury Island Terminals Ltd.

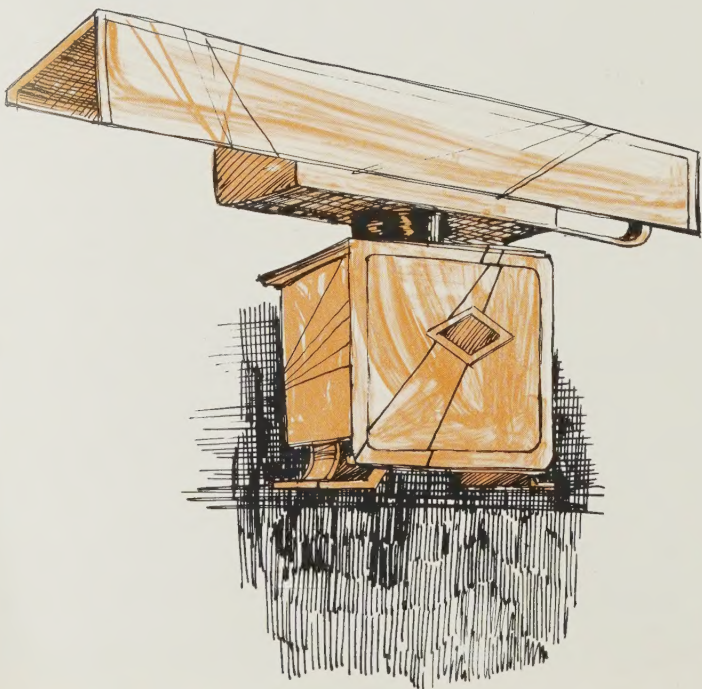
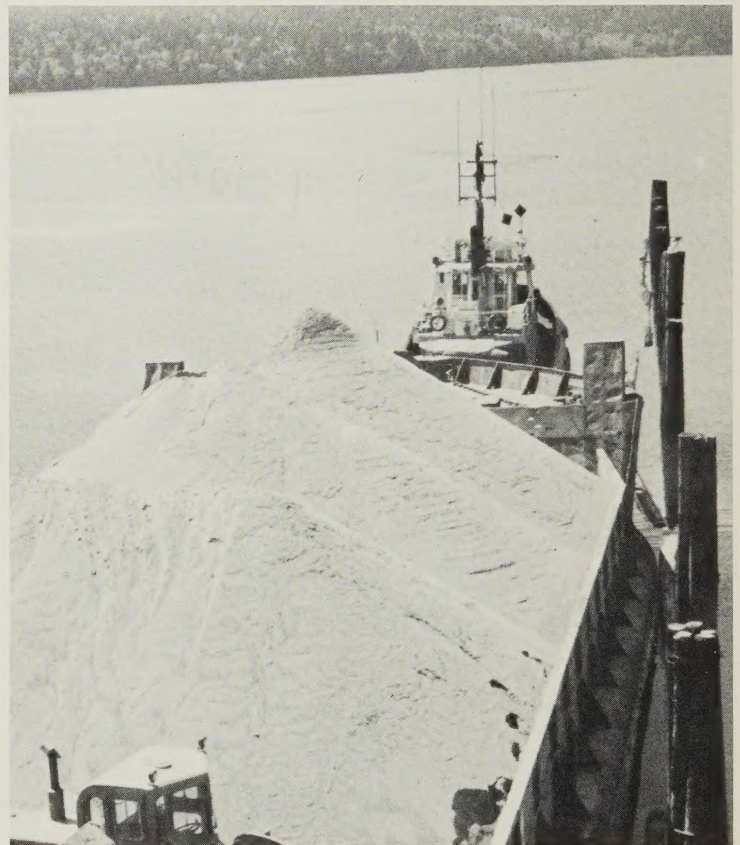
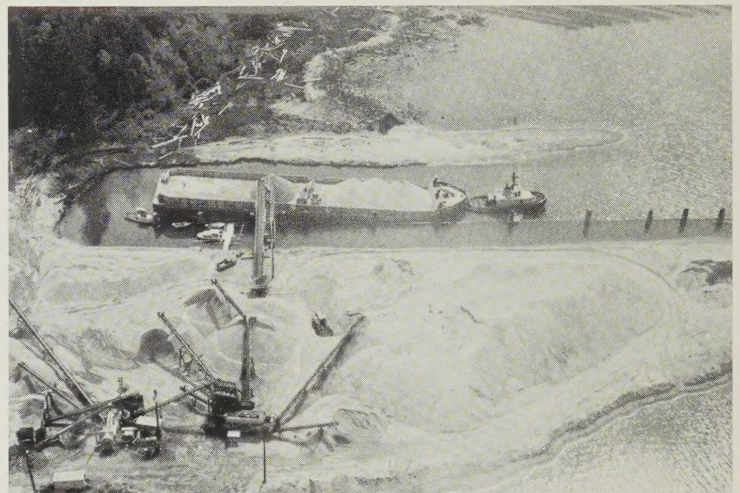
On the Fraser River, Tilbury Island, a marine terminal, was established. This is an ideal location as it has good access not only to water but also to major highways and rail. A new all-tide barge loading ramp was constructed and a sizeable section of the property was elevated by pre-loading with dredged material from the Fraser River, then dressed and surfaced.

Tilbury Island Terminals will fulfill the need for a lower mainland terminal able to accommodate intermodal movements in an uncongested area. Turn around times and freight transfers for furtherance should be effected quickly and efficiently. Development of this terminal will increase the effectiveness of R.S.L.'s regularly scheduled freight service to the North Coast.



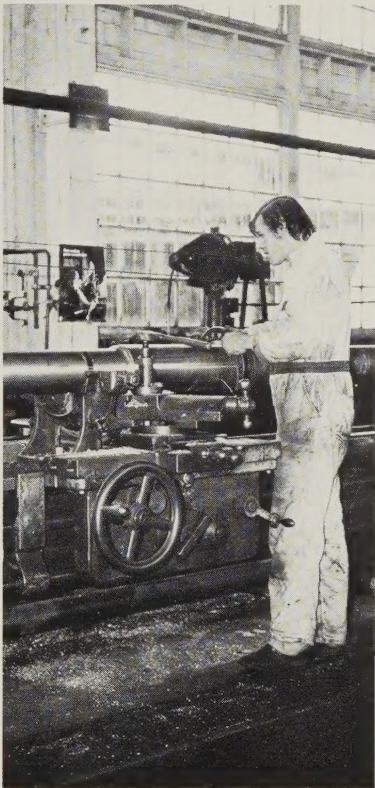
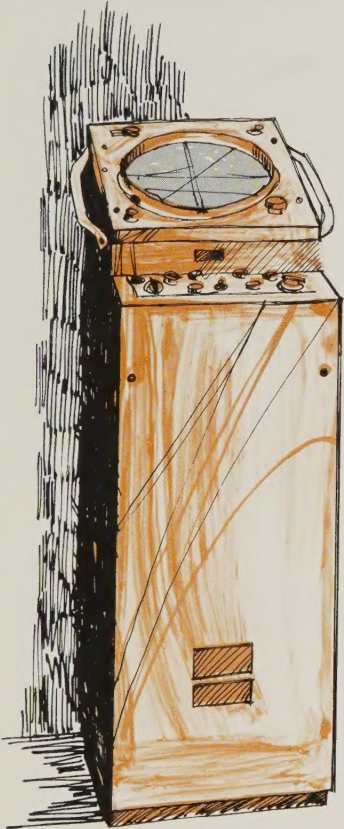
Aggregates and Ready Mix

During 1973 there was a significant increase in the sales volume of aggregate materials and ready mix. Several new gravel sources were developed enabling the Company to now offer to the market a broader range of various types of granular materials.



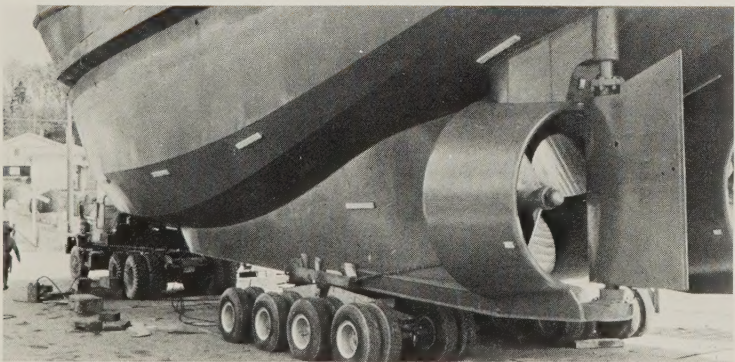
B.C. Marine Shipbuilders Limited

B.C. Marine had a very active year. The ferry “Nimpkish” was constructed for the B.C. Dept. of Highways and the shallow draft tug “Edwin Lindberg” for Arcnav’s fleet. B.C. Marine was also the head contractor on the Arcnav barge construction program and the assembly of the barges at Hay River, N.W.T.



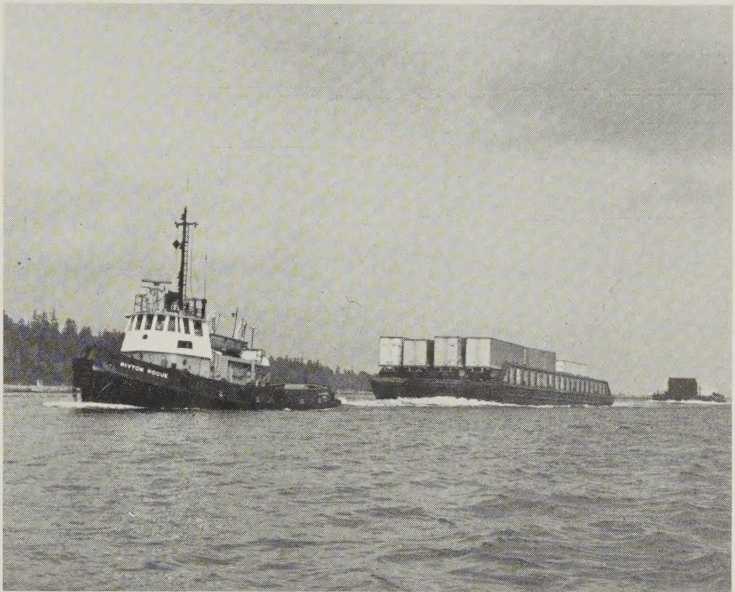
John Manly Ltd.

An aluminum pilot boat for the Pilot Authority and five new steel tugs were constructed, two for R.S.L. and three for others. The two R.S.L. tugs, the “Red Fir 15” and the “Red Fir 16” are the first vessels on the coast to be equipped with the new noise suppression devices.



The Coastal Fleet

R.S.L.’s coastal fleet was expanded with the construction and launching of a new steel barge, the “RivTow 108”, capable of carrying 4,000 tons of deck cargo as well as sodium chlorate below decks. The “RivTow 108” has proven itself to be a valuable addition to the fleet. R.S.L. also acquired the Canadian built “Great West 2”, a self-loading, self-unloading steel log barge capable of carrying 5,000 tons. When acquired, the “Great West 2” was employed in Southeast Asia and was towed back to British Columbia by R.S.L. crews.



Consolidated Balance Sheet

At December 31, 1973
(with comparative figures at December 31, 1972)

Assets

CURRENT ASSETS

	1973	1972
Cash and short-term deposit receipts	\$ 69,069	\$ 164,319
Deposit on incomplete contract (note 3)	530,141	—
Accounts receivable	4,464,285	4,130,912
Inventories (notes 1(c) and 4)	1,166,147	670,459
Prepaid expenses	608,914	242,461
	<u>6,838,556</u>	<u>5,208,151</u>

INVESTMENTS AND NON-CURRENT RECEIVABLES

Long-term intercorporate investments (notes 1(b), and 5)	843,689	658,802
Other advances, notes and mortgages receivable, net of current portion, at cost	329,423	258,355
	<u>1,173,112</u>	<u>917,157</u>

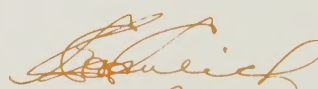
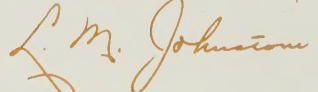
FIXED ASSETS (notes 1(f), and 6)

Vessels, plant and equipment	22,856,902	19,918,169
Less accumulated depreciation	4,460,940	3,414,219
	<u>18,395,962</u>	<u>16,503,950</u>
Construction in progress	642,850	126,797
Land and foreshore leasehold rights	4,239,209	4,030,747
	<u>23,278,021</u>	<u>20,661,494</u>

OTHER ASSETS

Deferred charges (note 1(d))	300,775	—
Gravel rights, at cost less amortization (note 1(f))	494,184	—
	<u>794,959</u>	<u>—</u>
	<u>\$32,084,648</u>	<u>\$26,786,802</u>

Approved by the Board

 Director
 Director

Liabilities

CURRENT LIABILITIES

	1973	1972
Bank advances (note 7)	\$ 3,129,797	\$ 1,974,750
Accounts payable and accrued liabilities	6,137,502	3,917,032
Income taxes payable	95,627	17,636
Advance on incomplete contract (note 3)	530,141	—
Principal instalments due within one year on long-term debt	2,957,322	1,876,454

12,850,389 7,785,872

LONG-TERM DEBT (notes 2 and 8)

5,710,809 6,455,363

DEFERRED INCOME TAXES (notes 1(e) and 9)

786,750 451,430

MINORITY INTEREST

— 34,483

Shareholders' Equity

SHARE CAPITAL

Authorized
3,000,000 Common shares par value \$1

Issued
2,000,000 Common shares

2,000,000 2,000,000

CONTRIBUTED SURPLUS

Premium on issue of common shares

10,000,000 10,000,000

RETAINED EARNINGS

736,700 59,654

12,736,700 12,059,654

\$32,084,648 \$26,786,802

COMMITMENTS AND CONTINGENT LIABILITIES (note 10)

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1973 (with comparative figures for 1972)

	1973	1972
SOURCE OF FUNDS		
Operations		
Net income for the year	\$ 677,046	\$ 341,549
Items not involving current funds		
Depreciation and amortization	1,489,258	1,369,509
Deferred income taxes	328,822	(90,442)
Equity in (earnings) loss of long-term intercorporate investments	254,697	(12,356)
Proceeds in excess of book values on disposition of fixed assets	(140,482)	(77,046)
	2,609,341	1,531,214
Proceeds from disposition of fixed assets	443,060	484,158
Insurance proceeds	—	563,400
Working capital of acquired subsidiaries in excess of funds used for acquisition	—	124,210
Other	—	(1,139)
	3,052,401	2,701,843
APPLICATION OF FUNDS		
Additions to fixed assets	3,788,044	1,940,353
Less		
Related long-term borrowings	(1,749,062)	(285,714)
Related insurance proceeds	—	(900,000)
	2,038,982	754,639
Increase in investments and non-current receivables	672,237	292,018
Long-term debt paid or currently maturing	3,158,652	1,950,512
Discounts on sales of maritime proceeds	152,361	330,193
Increase in deferred charges	287,159	—
Acquisition of interest in subsidiary companies less working capital and unpaid purchase consideration at date of acquisition	142,639	—
Acquisition of minority interest	34,483	—
	6,486,513	3,327,362
INCREASE IN WORKING CAPITAL DEFICIENCY	3,434,112	625,519
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	2,577,721	1,952,202
WORKING CAPITAL DEFICIENCY AT END OF YEAR	\$6,011,833	\$2,577,721

Consolidated Statement of Income*Year ended December 31, 1973 (with comparative figures for 1972)*

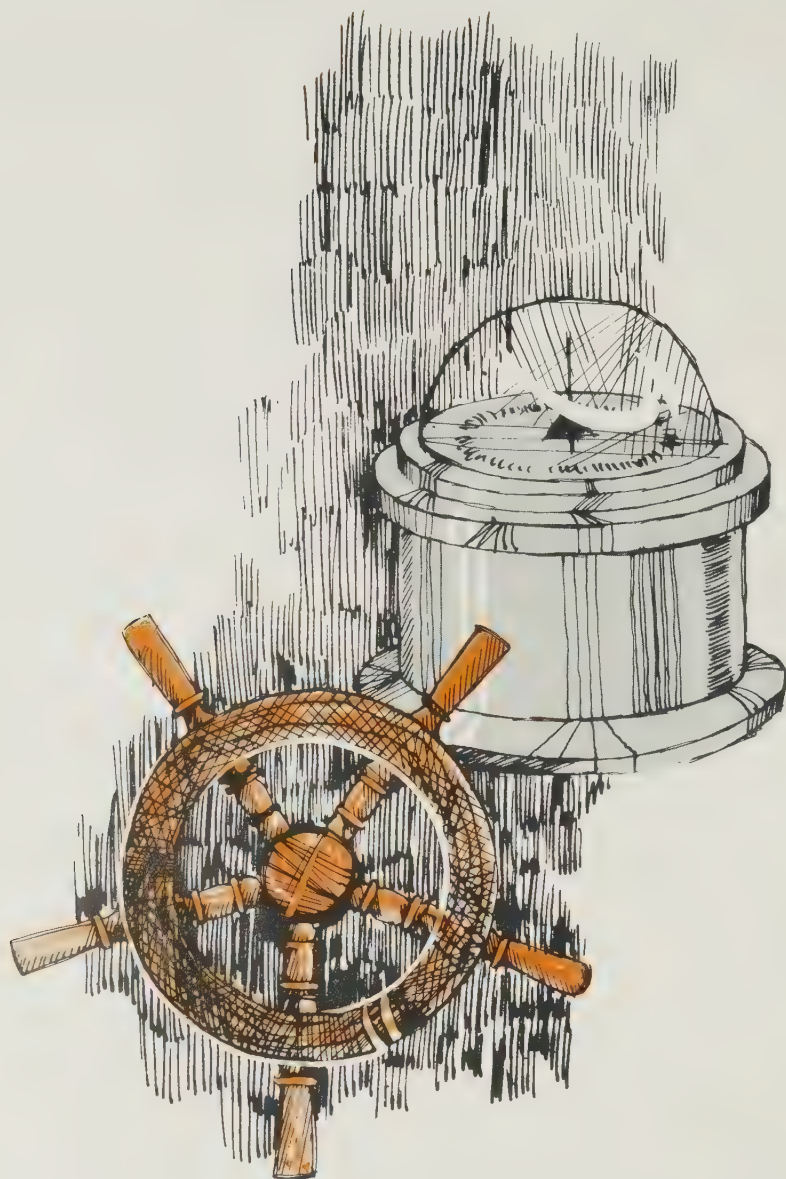
	1973	1972
Revenue		
Sales	\$28,165,327	\$17,912,174
Proceeds received in excess of book values on disposition of fixed assets	140,482	77,046
	<u>28,305,809</u>	<u>17,989,220</u>
Costs and expenses		
Cost of sales and operating expenses	23,046,919	14,279,950
General and administrative expenses	1,500,935	1,267,474
Depreciation and amortization (note 1(f))	1,489,258	1,369,509
Interest on long-term debt	722,412	723,531
Other interest	238,997	105,505
	<u>26,998,521</u>	<u>17,745,969</u>
Income from operations before income taxes	1,307,288	243,251
Income taxes (notes 1(e) and 9)		
Current	208,655	83,000
Deferred	428,672	—
	<u>637,327</u>	<u>83,000</u>
Income from operations before the following	669,961	160,251
Equity in earnings (loss) of long-term intercorporate investments (note 1(b) and 5)	(254,697)	12,356
Income before extraordinary credits	<u>415,264</u>	<u>172,607</u>
Extraordinary credits (note 11)	261,782	168,942
NET INCOME FOR THE YEAR	<u>\$ 677,046</u>	<u>\$ 341,549</u>
Earnings per share		
Income before extraordinary credits	\$.21	\$.08
Net income for the year	<u>\$.34</u>	<u>\$.17</u>

Consolidated Statement of Retained Earnings*Year ended December 31, 1973 (with comparative figures for 1972)*

	1973	1972
Retained earnings (deficit) at beginning of year	\$ 59,654	\$(281,895)
Net income for the year	<u>677,046</u>	<u>341,549</u>
Retained earnings at end of year	<u>\$736,700</u>	<u>\$ 59,654</u>

Notes to Consolidated Financial statement

Year ended December 31, 1973



1. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

These consolidated financial statements include the financial statements of the company and all of its subsidiaries and Straits Tug Limited, not a subsidiary but consolidated because an option is held to acquire all of the outstanding shares for a nominal amount.

During 1973, the company acquired all of the issued shares of Nelson Ready-Mix Concrete Ltd. The earnings of this company and its subsidiaries have been included in the statement of income from the date of acquisition. In addition, the minority share interest of Great West Towing & Salvage Limited was acquired from the Industrial Development Bank.

The excess of the cost of investments in subsidiary companies over the underlying book value has been attributed to fixed assets and gravel rights and is being depreciated in accordance with normal company policy (note 1 (f)).

(b) Long-Term Intercompany Investments (note 5)

The investments in effectively controlled companies and joint ventures are accounted for on the equity basis whereby the cost is adjusted for the company's share of earnings or losses. The excess of the cost of these investments over the company's proportionate interest in the underlying net book value at the date of acquisition has been allocated to specific assets and is depreciated over the estimated useful life of these assets.

The remaining investments are carried at cost as they represent long term projects with future commencement dates.

(c) Inventories (note 4)

Materials and supplies are valued at the lower of cost and replacement cost. Work in progress, the revenue for which is recognized on a completed contract basis, is valued at cost net of progress billings. Products for resale are valued at the lower of average cost and net realizable value.

(d) Deferred Charges

These amounts consist mainly of expenditures incurred in connection with the company's participation in a joint venture and will be matched with the charter revenues earned over the term of the agreement expiring in 1978.

(e) Deferred Income Taxes (note 9)

The company follows the normal practice of charging earnings with income taxes related to those earnings. Any difference between these taxes and taxes currently payable for the year is reflected as Deferred Income Taxes.

(f) Depreciation (note 6)

Depreciation has been recorded on a straight line basis to amortize the cost of vessels, plant and equipment over their estimated useful life, after giving consideration to the anticipated residual value of vessels.

The gravel rights are amortized over the useful life of the related lease.

2. REFINANCING NEGOTIATIONS

The Company has entered into formal negotiations for long term financing, which, if successfully concluded, will result in the creation and issue of mortgage bonds in the amount of \$14,000,000. The proposed terms provide for repayment over ten years commencing in 1975 with interest at the current prime mortgage rate.

The funds, net of financing costs, will be used to retire substantially all of the existing long-term debt, purchase shares in other companies, acquire additional fixed assets, and augment working capital.

The bonds will be secured by first mortgages on vessels and other property, assignment of shares in subsidiary and other companies and fixed and floating charge debentures on present and after-acquired assets. In addition, the company will be required to maintain stipulated ratios for working capital and consolidated indebtedness and long-term debt to shareholders' equity. Permission will be required from the bond holders for guarantees of liabilities or capital expenditures in excess of agreed amounts.

3. DEPOSIT AND ADVANCE ON INCOMPLETE CONTRACT

The deposit is held by a Canadian Chartered Bank on behalf of the company and the purchaser of a vessel under construction. The deposit will be released as various stages of construction are completed and approved.

4. INVENTORIES

	1973	1972
Materials and supplies	\$ 596,676	\$375,733
Work in progress, net of progress billings \$735,769 (1972—\$302,591)	360,493	219,599
Products for resale	208,978	75,127
	<u>\$1,166,147</u>	<u>\$670,459</u>

5. LONG-TERM INTERCORPORATE INVESTMENTS

	1973	1972
Investments in effectively controlled companies		
Shares, at cost plus increase in equity from dates of acquisition	\$ 212,185	\$190,667
Advances	37,500	37,500
	<u>249,685</u>	<u>228,167</u>
Investment in joint ventures		
Shares, at cost	1,158	104
Advances less decrease in equity from dates of acquisition	377,588	105,692
	<u>378,746</u>	<u>105,796</u>
Investment in other companies		
Shares, at cost	22,233	42,234
Advances	193,025	282,605
	<u>215,258</u>	<u>324,839</u>
	<u>\$ 843,689</u>	<u>\$658,802</u>

6. FIXED ASSETS

RivTow Straits Limited was incorporated in 1970 and, by a "Scheme of Arrangement" under the B.C. Companies Act, acquired all of the outstanding shares of Straits Towing Limited and RivTow Marine Ltd. with effect from November 16, 1970. The initial shareholders' equity of \$12,000,000 represented by 2,000,000 shares issued at \$6 each, reflected appraised values of the principal fixed assets owned by the companies. Vessels were valued at amounts approximating appraisals in April 1970 by J. P. Brown, Principal Surveyor, Marine Surveyors of Western Canada, less allowances for the fact that such values exceed amounts recognized by the tax authorities for purposes of determining future write-offs; values of most of the lands were arrived at by appraisers of Macaulay, Nicolls, Maitland & Co. Ltd. in March and April 1970; plant and equipment was recorded at a nominal value; the values of the remaining properties, relatively minor amounts, were determined by officials of the companies. All additions subsequent to the dates of appraisals are recorded at cost.

The leases are of varying terms up to 20 years. Customarily, they are extended upon application by the lessee and consequently are considered to have a perpetual life.

7. BANK ADVANCES

These are secured by assignment of book debts, marine mortgages on specified vessels and a debenture creating a floating charge ranking pari passu with a similar floating charge debenture securing the long-term loan from the Industrial Development Bank.

8. LONG-TERM DEBT

	Total	Due within one year
Royal Bank term loan, due 1976, bearing interest at prime plus 1½%, secured by general assignment of book debts, marine mortgages on specified vessels and fixed and floating charge debentures	\$2,200,000	\$ 600,000
Industrial Development Bank loan, due 1977, bearing interest at 10%, secured by real property and marine mortgages and by a floating charge debenture ranking pari passu with the debenture securing the Royal Bank loans	2,180,000	480,000

	Total	Due within one year
First mortgage sinking fund bonds payable in U.S. funds, at par		
4.60% Series "A" bonds due June 30, 1974	700,000	700,000
5.57% Series "B" bonds due 1977	400,000	100,000
Other loans, notes, mortgages and agreements payable	3,188,131	1,077,322
	<u>8,668,131</u>	<u>\$2,957,322</u>
Less principal instalments due within one year included in current liabilities	2,957,322	
	<u>\$5,710,809</u>	

Principal instalments due within the next five years are as follows:

1974	\$2,957,322	1977	\$994,447
1975	2,322,807	1978	315,711
1976	1,702,698		

9. INCOME TAXES

Certain of the companies have unutilized losses for income tax purposes aggregating \$638,765 and these continue to be available as deductions from future years' taxable income. A portion of the loss available has resulted from transactions with respect to vessels during the past year.

As a result of vessel transactions carried out under incentive measures in the income tax law, income taxes of \$102,194 (1972 \$90,442) deferred in prior years have been included as an extraordinary credit and taken into income.

10. COMMITMENTS AND CONTINGENT LIABILITIES

(a) The company has commitments in respect of long-term leases of vessels and equipment as follows:

1974	\$795,194	1977	\$ 730,450
1975	826,060	1978	248,563
1976	759,401	after 1978	1,042,355

The majority of the leases contain options to purchase the vessels and equipment at varying amounts during the term of the lease.

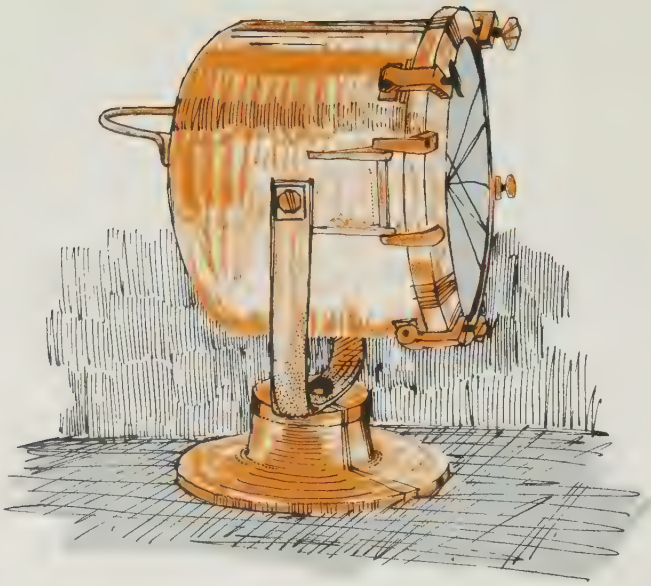
- (b) During the year two vessels constructed by the company with aggregate costs of \$1,716,904, net of federal subsidy, were sold under leaseback arrangements. Sale-leaseback agreements for the construction of three additional vessels at an aggregate contract price of \$1,330,242 were effected during the year.
- (c) The company has guaranteed to pay minimum royalties in respect of gravel rights in the amount of \$30,000 per year for the succeeding 32 years.
- (d) The company has committed to purchase during 1974 fixed assets with anticipated costs of \$640,000.
- (e) The company has guaranteed bank loans and long term debt amounting to \$522,000 at December 31, 1973 of companies in which it has an ownership interest. Subsequent to December 31, 1973 the company has agreed to guarantee an additional bank loan to a maximum of \$500,000.

11. EXTRAORDINARY CREDITS

	1973	1972
Reduction of deferred income taxes (note 9)	\$102,194	\$ 90,442
Reduction of income taxes arising from the application of prior years' losses	135,088	63,500
Other, net of related deferred income taxes	24,500	15,000
	<u>\$261,782</u>	<u>\$168,942</u>

12. OTHER STATUTORY INFORMATION

- (a) Term loans to directors who are also officers amounted to \$18,000 at December 31, 1973 (1972—\$22,500).
- (b) The balance of a term loan, made in a prior year and repayable by annual installments, to a company controlled by a director amounted to \$62,054 at December 31st, 1973. As a condition of the loan, the Company is assured of continued access to marine and dock facilities at nominal cost.
- (c) The remuneration of directors and senior officers of the company during 1973 amounted to \$177,259 (1972—\$173,480 as restated to conform with the requirements of the revised British Columbia Companies Act).



Auditor's Report

To the Shareholders of RivTow Straits Limited

We have examined the consolidated balance sheet of RivTow Straits Limited and subsidiary companies as at December 31, 1973 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who examined the financial statements of certain consolidated subsidiary companies and certain long-term intercorporate investments accounted for by the equity method.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance

with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

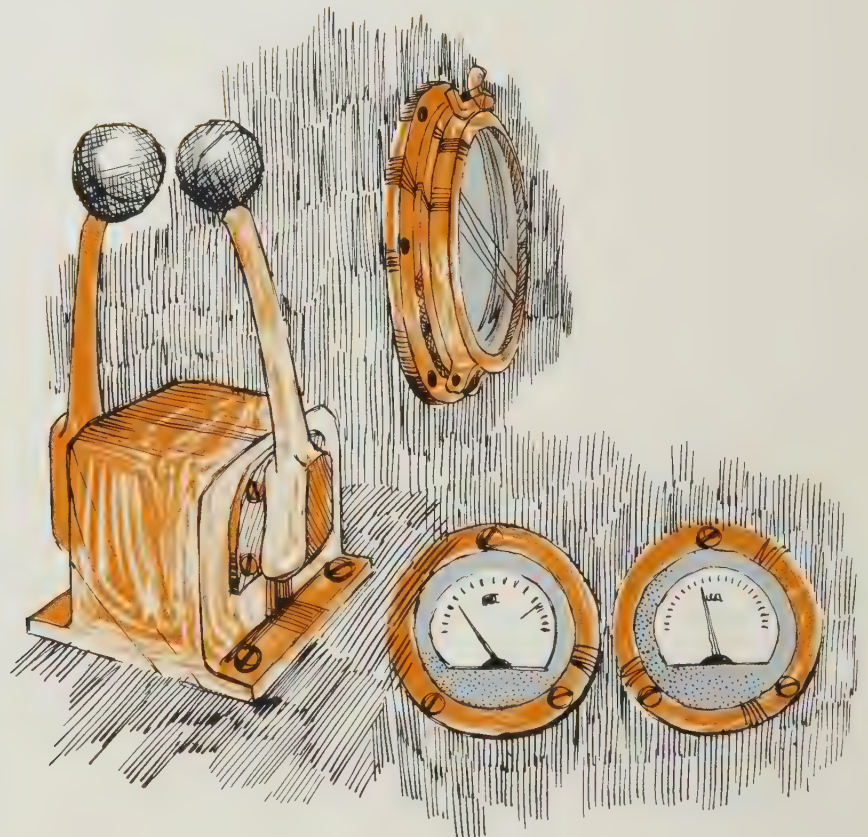
As required by the British Columbia Companies Act we report that, in our opinion, due provision has been made for minority interests.

THORNE GUNN AND CO.

Chartered Accountants

Vancouver, B.C.

April 19, 1974 (except note 2, which is at June 3, 1974)



Financial Highlights

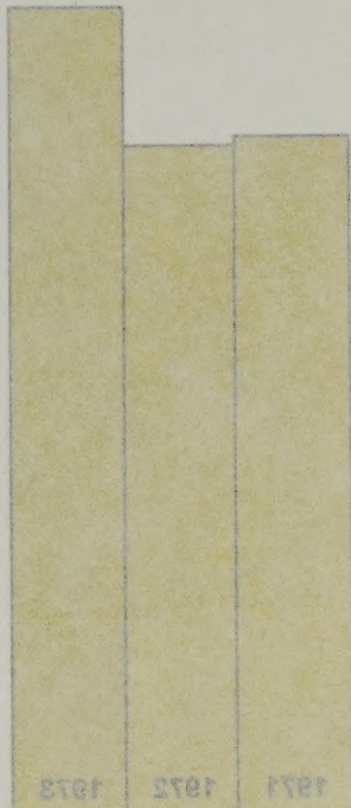
Millions of Dollars

SALES

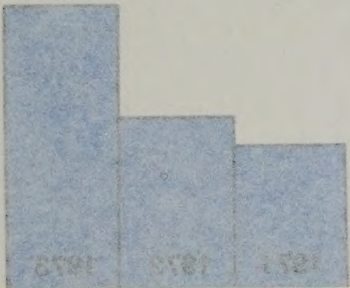
35
30
25
20
15
10
5



TOTAL ASSETS



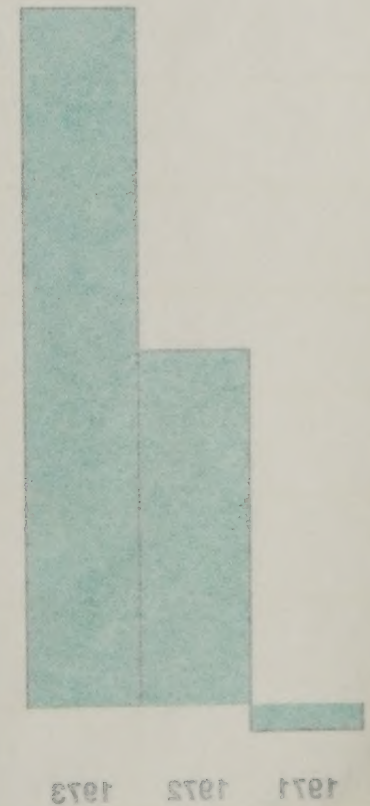
EMPLOYEES TOTAL wages, salaries and benefits



NET EARNINGS

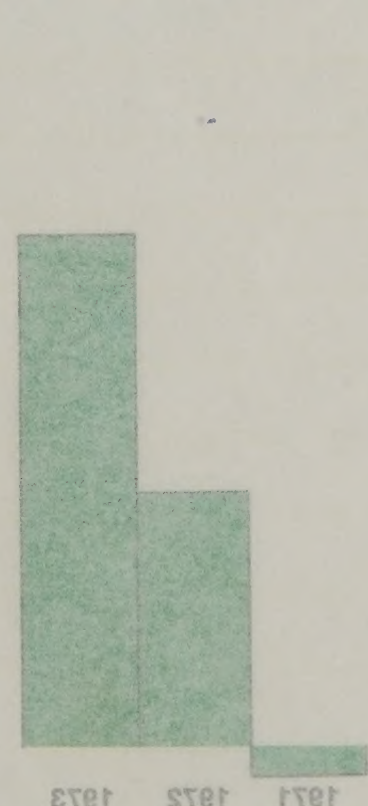
Thousands of Dollars

700
600
500
400
300
200
100
0



EARNINGS PER SHARE on net income

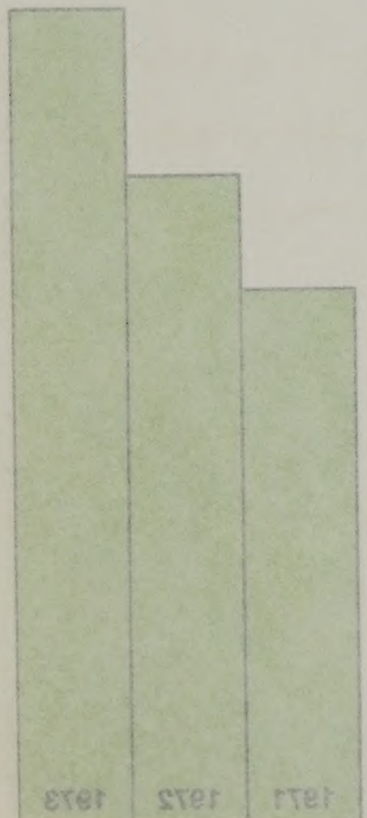
50¢
45¢
40¢
35¢
30¢
25¢
20¢
15¢
10¢
5¢
0¢



PERSONNEL

Number of Employees

1100
1000
900
800
700
600
500
400
300
200
100



Financial Highlights

Millions of Dollars

35

SALES

30

25

20

10

5

1971

1972

1973

TOTAL ASSETS

1971

1972

1973

EMPLOYEES TOTAL

wages, salaries and benefits

1971

1972

1973

NET EARNINGS

Thousands of Dollars

700

600

500

400

300

200

100

0

1971

1972

1973

EARNINGS PER SHARE

on net income

50¢

45¢

40¢

35¢

30¢

25¢

20¢

15¢

10¢

5¢

0¢

1971

1972

1973

PERSONNEL

Number of Employees

1100

1000

900

800

700

600

500

400

300

200

100

1971

1972

1973

RIVTOW STRAITS LIMITED

2215 Commissioner Street, Vancouver, Canada V5L 1A8